

Message Text

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PAGE 01 PORT A 03527 171942Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
----- 048409 /67
R 162142Z DEC 76
FM AMEMBASSY PORT AU PRINCE
TO SECSTATE WASHDC 3602

C O N F I D E N T I A L PORT AU PRINCE 3527

EXDIS

PASS TO AID/W ONLY

E.O. 11652: GDS
TAGS: EAID ECRE EFIN EIND HA
SUBJ: RACETRACK FOLLIES REVIVED: GOH PARTICIPATION LIMITED

REF: PORT AU PRINCE 3446

1. IT NOW APPEARS PROBABLE THAT EFFORT TO PROMOTE
PRESIDENT DUVALIER'S PET PROJECT FOR FORMULA I RACETRACK AND BEACH
COMPLEX WILL PROCEED, BUT GOVERNMENT, AT INSISTANCE OF NATIONAL
BANK PRESIDENT ANDRE, HAS WITHDRAWN ITS EARLIER AGREEMENT
TO FINANCE SCHEME AND SHIFTED MAIN ELEMENT OF RISK TO FRENCH
ENTREPRENEURS.

2. ANDRE TOLD AMBASSADOR ON DEC 13 THAT HE HAD WON TOUGH
BATTLE AGAINST THOSE WHO WISHED GOH TO PROVIDE TOTAL FINANCING
(AT 12 1/2 PERCENT INTEREST) FOR RACETRACK PROJECT. HE ARGUED
STRONGLY THAT GOVT WOULD NOT BE ABLE TO JUSTIFY LENDING MONEY TO
A PURELY TOURIST VENTURE WHILE INTERNATIONAL DONOR COMMU-
NITY WAS GRANTING HAITI LONG-TERM LOANS WITH GENEROUS
GRACE PERIODS AT CONCESSIONAL INTEREST RATES (2 TO 3 PERCENT).
HE TOLD THEM, AND WARNED DR. GUY NOEL, PERENNIAL "FIXER"
CLOSE TO PRESIDENT, THAT SUCH A SCHEME WOULD GRAVELY
DAMAGE HAITI'S REPUTATION, AND THAT HAD THEY
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PAGE 02 PORT A 03527 171942Z

SERIOUSLY MEASURED CONSEQUENCES THEY WOULD NOT HAVE
DARED PUSH AS HARD FOR PROJECT AS THEY HAD.

3. ANDRE BORE BRUNT OF ARGUMENT, WITH FINANCE MINISTER
BROS AND PUBLIC WORKS MINISTER LAURIN REMAINING ON
SIDELINES, AND HE FINALLY PREVAILED.

4. OUTCOME, SAID ANDRE, IS THAT GOH PARTICIPATION WILL BE LIMITED TO PROVIDING LAND AND TWO DISBURSEMENTS (\$500,00 AT START OF CONSTRUCTION AND \$1 MILLION ON COMPLETION) WHICH WOULD ESTABLISH GOH EQUITY LEADING TO TOTAL OWNERSHIP OF ENTERPRISE AFTER 15 YEARS.

5. COMMENT: ALTHOUGH ANDRE WAS UNDERSTANDABLY PLEASED THAT HE HAD SUCCEEDED IN ELIMINATING FEATURE OF SCHEME THAT WOULD MOST OFFEND INTERNATIONAL DONORS, HE PROBABLY UNDERESTIMATES ADVERSE PUBLICITY THAT SUCH A PROJECT WILL DRAW, GIVEN CONTINUED MANIFEST POVERTY IN URBAN PORT AU PRINCE AND IN ADJACENT COUNTRYSIDE. INCLUDING AREA OF PROPOSED RACETRACK.
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